

Message Text

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70

ACTION ARA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 /110 W

----- 084537

R 151930Z AUG 75

FM AMCONSUL CURACAO

TO SECSTATE WASHDC 2358

INFO AMEMBASSY THE HAGUE

AMCONSUL PARAMARIBO

AMEMBASSY CARACAS

AMEMBASSY TOKYO

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FOR ARA/CAR PALAZZOLO

E.O. 11652: N/A

TAGS: ECON, ETRD, N.A.

SUBJECT: GNA RAISES TARIFFS

REF: CURACAO A-37

1. GNA HAS ANNOUNCED HIGHER IMPORT DUTIES ON NON-ALCOHOLIC BEVERAGES, BAKERY PRODUCTS, AND LUXURY ITEMS TO BE EFFECTIVE AUGUST 11. ACCORDING TO OFFICIAL ANNOUNCEMENT, HIGHER DUTIES IMPOSED TO GIVE PROTECTION TO LOCAL INDUSTRIES AND CREATE JOB OPPORTUNITIES.

2. NEW DUTIES ARE AS FOLLOWS:

NON-ALCOHOLIC BEVERAGES INCREASE FROM NAF .10 TO NAF 1.10 PER LITER.

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BEVERAGE SYRUP INCREASE FROM 10 TO 30 PERCENT.

BREAD AND PASTRIES INCREASE FROM 20 TO 30 PERCENT.
IN ADDITION FOLLOWING QTE LUXURY ITEMS UNQTE FORMERLY TAXED
AT 14 PERCENT ARE TO BE RAISED TO 30 PERCENT: AIR CONDITIONERS,
REFRIGERATION MACHINERY AND FREEZERS, HOUSEHOLD DISHWASHERS,
KITCHEN ELEMENTS, COLOR TELEVISION SETS AND TUBES, AND PASSENGER
AUTOMOBILES VALUED AT MORE THAN NAF 8000 CIF RPT CIF. IMPORT-
TATION OF AUTOMOBILES OLDER THAN 4 YEARS IS NOW PROHIBITED.

3. STATISTICS ARE UNAVAILABLE FOR RECENT IMPORTS OF MOST ITEMS
AFFECTED EXCEPT AS FOLLOWS:

1971	1972	1973			
UNITS	VALUE	UNITS	VALUE	UNITS	VALUE
(000NAF)	(000NAF)	(000NAF)			

AIR CONDITIONERS

TOTAL	3247	1110	3215	1101	3493	1277
OF WHICH U.S.	2694	916	2668	888	2777	1007

AUTOMOBILES

TOTAL	4893	17834	4366	17195	4100	18349
OF WHICH U.S.	1119	6706	1025	6381	1345	8525
OF WHICH JAPAN	2173	5806	2160	6520	925	6439

NON-ALCOHOLIC

BEVERAGES (000						
LITERS)	310	174	507	312	820	494
OF WHICH U.S.	70	43	162	96	114	70
OF WHICH VENEZUELA	142	77	312	197	656	389

4. ALTHOUGH THE OFFICIAL ANNOUNCEMENT MENTIONS PROTECTION
OF LOCAL INDUSTRY, THE ONLY ITEMS ON THE LIST PRODUCED LOCALLY
ARE BEVERAGE SYRUP AND BAKED GOODS. OTHER ITEMS ON THE LIST
ARE IMPORTED. LOCAL OPINION IS THAT THE MOVE IS TIED TO THE
RECENT GNA MOVEMENTS TO STEM INFLATION BUT THAT THE INCREASED
DUTY WILL MAKE IMPORTS MORE COSTLY ALTHOUGH NOT ENOUGH TO CUR-
TAIL THEM SIGNIFICANTLY.

5. COMMENT: LOCAL MERCHANTS HAVE ALREADY HIKE PRICES ON
SOME ITEMS EVEN IF UNAFFECTED BY THE NEW TARIFFS IN AN ATTEMPT
TO INCREASE PROFITS. SOME ATTEMPTS WILL BE MADE BY IMPORTERS
TO EVADE THE INCREASED TARIFFS, SUCH AS IMPORTING OF AUTOMOBILES
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WITHOUT ACCESSORIES TO BRING CIF RPT CIF PRICES UNDER THE NAF
8000 MINIMUM AND INSTALLING ACCESSORIES HERE. THE TOTAL EFFECT
WILL BE TO RAISE PRICES ON THE ISLANDS WITHOUT HAVING ANY
SIGNIFICANT EFFECT ON IMPORTS OR UNEMPLOYMENT. ANTILLEANS
WILL PAY HIGHER PRICES AND THE INFLATION MACHINE WILL RUN
SLIGHTLY FASTER.

KREISBERG

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